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the hospital's cost base associated with the outlier portion of high cost outlier patients' lengths of stay shall reflect the proportion calculated on the basis of those discharges for which the hospital has submitted complete bills covering the entire length of stay. The proportion so estimated shall be increased by .25 percent.

(iii) If the hospital has submitted complete bills covering the entire length of stay for less than 80% of the hospital's 1987 discharges, the proportion of the hospital's cost base that is associated with the outlier portion of the high cost outlier patients' stays shall be the proportion calculated for the hospital's group, increased by .25 percent. For purposes of this paragraph only, there shall be two hospital groups. One group shall be comprised of all hospitals designated in 1987 as teaching hospitals for peer grouping purposes (or who otherwise satisfy the criteria used to identify teaching hospitals for peer grouping purposes in 1987) or as major public hospitals for purposes of distributing bad debt and charity care funds. The second group shall be comprised of all other hospitals. Group estimates shall be based on the data used to calculate 1985 SIWs.

(iv) The maximum amount of costs to be subtracted for high cost outliers pursuant to section 86-1.54(b)(3)(iii) on a statewide basis shall be three percent of the total 1988 non-Medicare inpatient reimbursable operating costs of hospitals not exempt from DRG case based rates of payment ((which shall include the costs associated with the .25 percent increase, if applicable, applied to hospitals' cost bases pursuant to subparagraphs (ii) and (iii) of this paragraph) less the costs identified in subdivisions (d) and (e) of this section and paragraph (4) of this subdivision. In the event that the total amount calculated pursuant to this subdivision exceeds the statewide limit, the calculated amount will be reduced

A transfer case mix factor shall be calculated by multiplying the number of non-Medicare transfer days in the DRG by the cost per day SIW for the DRG, summing across all DRGs, and dividing the sum by the number of non-Medicare transfer days.

(g)(1) Hospital-specific operating costs associated with hospital medical malpractice insurance, ambulance services, organ acquisition, schools of radiology, nursing and/or laboratory technology, shall consist of 1987 reimbursable operating costs for these services trended to the rate year by the applicable trend factor determined pursuant to section 86-1.58 of this Subpart plus the portion of the base enhancements specified in section 86-1.52(a)(1)(iii)(a) associated with the services listed in this subdivision. The Medicare share of these costs shall be calculated by multiplying the costs by the Medicare share percentage determined pursuant to subdivision (c) of this section. The non-Medicare share of a hospital's specific operating cost per discharge shall be computed as the sum of the non-Medicare operating costs listed above as calculated pursuant to this subdivision divided by non-Medicare discharges, less discharges associated with exempt units and transfers and short stays.

(2) The hospital-specific operating costs of each general hospital shall include the hospital's allocated portion of the base enhancement determined pursuant to section 86-1.52(a)(1)(iv)(c) that are associated with hospital medical malpractice insurance and ambulance services.

[(2)](3) Hospital-specific direct operating costs of graduate medical education shall be the portion of reimbursable 1981 salaries, fringe benefits, non-salary costs and allocated overhead for residents, fellows, supervising physicians and hospital-based physicians associated with services other than exempt units and ALC units, volume adjusted to 1987, and trended to the rate year by the trend factor established pursuant to section 86-1.58 of this Subpart, minus tuition and supporting grants. The Medicare share of direct costs shall be calculated by multiplying the costs by

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the Medicare share percentage determined pursuant to subdivision (c) of this section.

(4) For purposes of adding hospital-specific costs per discharge to hospitals' group average cost per discharge pursuant to subdivision (b) of this section, and only for those hospitals (other than those with routine and ancillary charge schedules) assigned to the major public hospital group pursuant to subdivision (i) of this section, the outlier costs of high cost outliers removed pursuant to paragraph (f)(3) of this section shall be added back in pursuant to the provisions of this subdivision.

(5) reserved

(h) Indirect medical education costs.

(1) The indirect costs of graduate medical education activities shall be the estimated reimbursable costs, other than direct costs, incurred by a hospital for training physicians in the rate year.

(i) For the rate year commencing January 1, 1991, hospitals' indirect graduate medical education costs shall equal the product of their rate year hospital-specific operating costs determined pursuant to paragraphs (b)(1) and (2) of this section and the indirect teaching cost percentage determined by the following formula:

$$1 - \left(\frac{1}{1 + 1.89(((1 + r)^{.405}) - 1)} \right)$$

where r equals the ratio of residents and fellows to beds.

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(ii) For [rate years commencing on or after] the period January 1, 1992 through August 31, 1992, hospitals' indirect graduate medical education costs shall equal the product of their rate year hospital-specific operating costs determined pursuant to paragraphs (b)(1) and (2) of this section and the indirect teaching cost percentage determined by the following formula:

$$1 - \left(\frac{1}{1 + 1.89((1 + r)^{.405} - 1)} \right)$$

where "r" equals the ratio of residents and fellows to beds based on the projected medical education statistics for the general hospital as of July 1 for the [rate] period and subsequently reconciled to actual residents and fellows for the [rate year] period.

(iii) For the period September 1, 1992 through June 30, 1993 and each subsequent period commencing July 1 and ending the following June 30, hospitals' indirect graduate medical education costs shall equal the product of their rate year hospital-specific operating costs determined pursuant to paragraphs (b)(1) and (2) of this section and the indirect teaching cost percentage determined by the following formula:

$$1 - \left(\frac{1}{1 + 1.89((1 + r)^{.405} - 1)} \right)$$

where "r" equals the ratio of residents and fellows to beds based on the medical education statistics for the general hospital as of September 4, 1990 as contained in the survey document forwarded by the hospital to the department which was to be forwarded no later than November 1, 1990 and the certified beds for the general hospital as of January 1, 1990 excluding exempt unit beds.

[(iii)](iv) The residents and fellows used in these calculations are full-time equivalents (FTE) working in the hospital

or those non-hospital based interns and residents in ambulatory settings that are enrolled in the residency program at such hospital excluding the portion of FTE's assigned to exempt units. Unless stated otherwise in this subdivision, the [The] beds shall be the latest certified beds as of January 1 of the rate year excluding exempt unit beds.

(2) The indirect teaching adjustment percentage shall be determined as follows:

(i) For rate year commencing January 1, 1991 the indirect teaching adjustment percentage shall be

$$1.89(((1 + r)^{.405}) - 1)$$

where "r" equals the facility's ratio of residents and fellows per bed determined pursuant to paragraph (1) of this subdivision.

(ii) For [rate years commencing January 1, 1992 and thereafter,] the period January 1, 1992 through August 31, 1992 the indirect teaching adjustment percentage shall be

$$1.89(((1 + r)^{.405}) - 1)$$

where "r" equals the facility's weighted residents and fellows per bed determined pursuant to this subparagraph

(a) Weighted residents and fellows per bed shall be calculated as follows:

(1) For each hospital, the [resident] residents and fellows as defined in paragraph (1) of this subdivision shall be segregated into one

of the categories defined in clause (b) of this subparagraph and summed to determine the total by category.

(2) The total for each category for the rate year shall be multiplied by the physician specialty weighting factor for that category and summed to determine adjusted residents. Weighted residents and fellows per bed shall be calculated by dividing the weighted residents by the number of beds determined pursuant to subparagraph (1) [(iii)] (iv) of this subdivision.

(iii) For the period September 1, 1992 through June 30, 1993 and each subsequent period commencing July 1 and ending the following June 30, the indirect teaching adjustment percentage shall be

$$1.89(((1 + r)^{.405}) - 1)$$

where "r" equals the facility's weighted residents and fellows per bed determined pursuant to this subparagraph.

(a) Weighted residents and fellows per bed shall be calculated as follows:

(1) For each hospital, the residents and fellows as defined in paragraph (1) of this subdivision as of July 1, 1992 for the period September 1, 1992 through June 30, 1993 and the residents and fellows as of July 1 for each subsequent period commencing July 1 and ending the following June 30 shall be aggregated into the categories defined in clause (b) of this subparagraph and summed to determine the total residents and fellows by category.

(2) The total residents and fellows for each category for the period shall be multiplied by the physician specialty weighting factor for that category; all categories' results shall be summed, and the result

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weighting factor. Weighted residents and fellows shall be determined by multiplying the resident weighting factor by the number of resident and fellows (as defined in paragraph (1) of this subdivision) as of September 4, 1990 as contained in the survey document forwarded by the hospital to the department which was to be forwarded no later than November 1, 1990. Weighted residents and fellows per bed shall be calculated by dividing the weighted residents and fellows as determined by this clause by the certified beds for the hospital as of January 1, 1990 excluding exempt unit beds.

(b) Physician specialty weighting factors shall be developed using 1990 data and statistics as follows:

(1) (i) The physician specialties of family practice, internal medicine programs that [are] were designated as primary care internal medicine in the National Resident Matching Program [,and those programs that in the five years prior to the rate year] for the period January 1, 1988 through December 31, 1992 or received a federal grant for residency training in general internal medicine during the period January 1, 1988 through December 31, 1992, osteopathic general/family practice and pediatrics programs that [are] were designated as primary care pediatrics in the National Resident Matching Program for the period January 1, 1988 through December 31, 1992 or [those programs that in the five years prior to the rate year] received a federal grant for residency training in general pediatrics during the period January 1, 1988 through December 31, 1992 shall be assigned a physician specialty weighting factor of 1.5. Physician specialties that were assigned a physician specialty weighting factor of 1.5 because of their designation as primary care in the National

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Resident Matching Program during the period January 1, 1988 through December 31, 1992 shall not be assigned a physician specialty weighting factor of 1.5 for rate years commencing on or after January 1, 1994 unless the program complies with the provisions of subclause (ii) of this clause.

(ii) The physician specialty programs of internal medicine and pediatrics which demonstrate through an application to the New York State Department of Health, that they have a curriculum in physician-patient communication, which includes medical interviewing, psychological aspects of care, and patient counseling and education; continuity of care experience which comprises 10 percent of training time during each year of the program and 20 percent of the total residency training period, is scheduled in at least nine months of each year of training, and occurs at a site which encourages continuity of care by attracting patients for longitudinal and comprehensive care, by using an appointment system that accommodates personal appointments, walk in patients and referrals and allows ample time to include physical examinations, treatment and patient teaching during appointments, providing after hours coverage by providing prompt telephone access to a clinical staff member on a 24 hour basis who can respond to health care problems, assigning residents or a team of residents to provide care for a specific panel of patients, operating at least 40 hours per week, including at least 8 hours during evenings or weekends, providing a tracking system to document care given to patients when the patients are sent to an emergency service, hospital or other provider of health care service, assisting patients with arrangements or making arrangements for off-site services, and monitoring reports and results of off-site services and integrating results into patient records; and which reflect a program emphasis on primary care in its residency recruitment materials, shall be assigned a physician specialty weighting factor of 1.5.

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(2) The physician specialty weighting factor for the physician specialties of family practice-geriatric medicine, internal medicine-geriatric medicine, combined internal medicine/pediatric programs and categorical three-year pediatrics programs other than those identified in subclause (1) of this clause, shall be determined such that the sum in total for all general hospitals of the results of the application of the weighting factors to the indirect medical education expenses for each general hospital shall equal, approximately, the sum in total for all general hospitals of the indirect medical education expenses for each general hospital as if the provisions of subparagraph (i) of this paragraph were applied. The 1990 data and statistics for the Hospital for Joint Diseases Orthopedic Institute, Inc., Hospital for Special Surgery, Manhattan Eye, Ear and Throat Hospital and the New York Eye and Ear Infirmary shall be excluded from the above calculation.

(3) The physician specialities of emergency medicine and preventive medicine, including public health, general preventive medicine and occupational health, shall be assigned a physician specialty weighting factor of 1.1. The physician specialty programs of obstetrics and gynecology which demonstrate through an application to the New York State Department of Health that they have a curriculum in physician-patient communication, which includes medical interviewing, psychological aspects of care, and patient counseling and education; continuity of care experience which comprises 10 percent of training time during each year of the program and 20 percent of the total residency training period, is scheduled in at least nine months of each year of training, and occurs at a site which encourages continuity of care by attracting patients for longitudinal comprehensive care, by using an appointment system that accommodates personal appoin[redacted]alk in patients

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